Adoption of Sarbanes-Oxley Act in Banks

2035. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Reserve Bank of India is planning to introduce an indigenous adoption of Sarbanes-Oxley Act stipulating new reporting standards for auditors and top management professionals in the US;

(b) if so, whether Government feel that top functionaries of Banks and financial institutions should be made more accountable to the apex Bank; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) Reserve Bank of India (RBI) has set up an internal Working Group to examine auditing and corporate governance issues in Banks. The Working Group would look into, among others, issues raised in The Sarbanes-Oxley Act of 2002. RBI had earlier set up the Consultative Group of Directors of Banks/Financial Institutions under the Chairmanship of Dr. A.S. Ganguly to look into the role of the Boards of Banks and financial institutions and to make recommendations for making their role more effective with a view to minimizing risk and over exposure. The Group's recommendations aim at making directors of the Banks more accountable to the concerned Banks. RBI have advised the Banks to adopt and implement the recommendations.

Search & Seizure Operations by Income Tax Department

2036. SHRI KHAN GHUFRAN ZAHIDI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) how many companies have been under search and seizure operation by Income Tax Department during the last two years;

(b) whether it is a fact that income tax appeals with crores of rupees are pending for settlement; and

(c) if so, the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) 933

companies have been searched by Income Tax Department during the last two years.

(b) Yes, a number of high demand appeals are pending for disposal with Commissioners of Income Tax (Appeals) and Income Tax Appellate Tribunal.

(c) Additional posts of Commissioner of Income Tax (Appeals) and Tax Recovery Officers have been created for quicker disposal of cases and better collection of arrear demand. Also, cases having more than Rs. 10 lakh arrear demand are reviewed regularly for expeditious disposal.

Car Insurance Racket

2037. SHRI NANA DESHMUKH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether a car insurance racket has recently busted in the capital involving bungling of several crores of rupees by senior officials of Government insurance companies;

(b) if so, the amount of loss to the public exchequer and the number of officials involved in the racket;

(c) what action has been taken to terminate their services forthwith and recovery of the loss from them;

(d) whether Government propose to consider not to accept any payment in cash throughout the country and enforce all payments through account payee cheques only to avoid such eventualities; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The General Insurers' (Public Sector) Association of India (GIPSA) has reported that an instance of fraud involving misappropriation of premium received towards insurance of vehicles has been taken congnisance by the economic offence wing of the Delhi Police. Involvement of Development Officer of the Oriental Insurance Company Limited, New Delhi in regard to the irregularities in issuance of cover